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Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 NSCE-00 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 USIA-06 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 OIC-02 SS-15 STR-07
CEA-01 L-03 AGRE-00 H-01 DOE-11 SOE-02 HA-05
AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13 /158 W
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P 071739Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6887
DEPTREAS WASHDC PRIORITY
AMEMBASSY ABIDJAN PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 GENEVA 03568

TREASURY FOR BERGSTEIN, NSC FOR OWEN

E.O. 11652:
TAGS: AFDF, EAID, EFIN
SUBJECT: MARCH 6-7 MEETING DN GENEVA ON THE SECOND REPLENISHMENT OF THE AFRICAN DEVELOPMENT FUND

SUMMARY: DURING MARCH 6-7 MEETING ON SECOND AFDF REPLENISHMENT, A CONSENSUS EMERGED THAT A TARGET APPROACHING FUA 700 (770 MILLION DOLLARS) SHOULD BE SET FOR THE REPLENISHMENT. DONORS STATED, HOWEVER, THAT THEIR PARTICIPATION IN MEETING THAT TARGET WAS SUBJECT TO ADEQUATE AND APPROPRIATE BURDEN-SHARING ARRANGEMENTS. REFERENCE WAS CLEARLY TO THE NEED FOR THE U.S. TO TAKE A POSITION BEFORE FURTHER PROGRESS COULD BE MADE IN THE REPLENISHMENT NEGOTIATIONS. THE U.S. DELEGATE TOOK NO POSITION ON THE SIZE AND U.S. SHARE OF THE REPLENISHMENT, CITING THE NEED TO AWAIT THE OUTCOME OF THE ADMINISTRATION'S DECISION-MAKING PROCESS, INCLUDING FURTHER CONSULTATIONS WITH THE CONGRESS. END SUMMARY.

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1. AT THE MARCH 6-7 MEETING ON THE AFDF SECOND REPLENISHMENT, THE CONSENSUS OF DONORS, AS SUMMARIZED ON MARCH 6 BY THE MEETING CHAIRMAN, WAS THAT A TARGET APPROACHING FUA 700 MILLION (1 FU $1.11) SHOULD BE ESTABLISHED FOR THE REPLENISHMENT. WHILE SEVERAL DONORS, INCLUDING JAPAN, SUGGESTED THAT A LOWER FIGURE WOULD BE APPROPRIATE; GERMANY, CANADA, AND THE SCANDINAVIAN COUNTRIES GAVE SUPPORT TO THE

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FUA 700 MILLION TARGET.

2. DONORS DID NOT SEEK AGREEMENT ON SPECIFIC COUNTRY SHARES, EMPHASIZING THAT REALISTIC BURDEN-SHARING DISCUSSIONS COULD NOT COMMENCE WITHOUT AN INDICATION OF THE LEVEL OF PROBABLE U.S. PARTICIPATION IN THE REPLENISHMENT. A NUMBER OF DONORS EXPRESSED THE NEED FOR NEW DONORS (I.E. U.S., FRANCE, SAUDI ARABIA AND PERHAPS OTHERS) TO ASSUME A MORE APPROPRIATE ROLE BASED ON THEIR CAPACITY TO CONTRIBUTE AND THEIR RELATIVE INTERESTS IN THE IN THIS REGARD, CANADA INDICATED THAT WHILE IT INTENDS A SUBSTANTIAL CONTRIBUTION TO THE REPLENISHMENT, IT EXPECTS ITS RELATIVE SHARE TO DECREASE FROM WHAT IT REGARDS AS ITS UNUSUALLY HIGH CURRENT LEVEL OF 17 PERCENT.

3. ON OTHER ISSUES, DONORS AGREED THAT MAINTENANCE-OF-VALUE (MOV) PROVISIONS SHOULD NOT BE APPLIED TO CONTRIBUTIONS TO THE SECOND REPLENISHMENT, AND THAT CONTRIBUTIONS COULD BE MADE IN EITHER CASH OR NOTES. THERE WAS ALSO DISCUSSION OF THE 12.5 PERCENT DEFLATOR MANAGEMENT USED IN FORMULATING ITS FUA 910 MILLION REPLENISHMENT PROPOSAL (MOST BELIEVED THE DEFLATOR TO BE TOO HIGH); EXPANSION OF ELIGIBILITY FOR AFDF LENDING TO ALL AFRICAN MEMBERS (MOST BELIEVED LENDING SHOULD CONTINUE TO BE DIRECTED TO THE POOREST COUNTRIES); PROGRAM LEVELING (MOST URGED CAUTION OR OPPOSED IT); AND THE AFDF'S ADMINISTRATIVE CONFIDENTIAL

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CAPACITY.

4. IN HIS OPENING STATEMENT, AFDF PRESIDENT FORDWOR CITED A PORTION OF PRESIDENT CARTER'S EULOGY OF THE LATE SENATOR HUMPHREY AS BEING AN APPROPRIATE MOTTO FOR THE MEETING. THE QUDTE UNDERSCORED HUMPHREY'S VIEW OF THE ROLE FOREIGN AID PLAYS IN IMPROVING RELATIONS BETWEEN DEVELOPED COUNTRIES AND THE PEOPLE OF DEVELOPING NATIONS.

5. THE U.S. REPRESENTATIVE (DEP. ASSISTANT SEC. NACHMANOFF) REVIEWED THE STRONG, DEMONSTRATED U.S. COMMITMENT TO AFRICAN DEVELOPMENT AND EXPRESSED U.S. SUPPORT FOR THE AFDF. HE TOOK NO POSITION ON THE SIZE OR U.S. SHARE OF THE REPLENISHMENT, CITING THE NEED TO CONCLUDE ADMINISTRATION DELIBERATIONS, INCLUDING CONSULTATIONS WITH THE CONGRESS. HE STRESSED THAT THIS SHOULD NOT BE TAKEN IN ANY SENSE AS A NEGATIVE INDICATION OF THE PROSPECTS FOR A U.S. CONTRIBUTION TO THE AFDF REPLENISHMENT, BUT RATHER REFLECTS THE IMPORTANCE THE ADMINISTRATION ATTACHES TO MAKING SUSTAINABLE PLEDGES. HE ALSO EXPLAINED THAT ANY U.S. PLEDGES MUST BE MADE SUBJECT TO OBTAINING THE NECESSARY APPROPRIATIONS.

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6. IN A BRIEF, FINAL MEETING ON THE MORNING OF MARCH 7, DONORS REVIEWED A DRAFT REPLENISHMENT RESOLUTION BUT LEFT OPEN THE QUESTION OF A TRIGGER MECHANISM.

7. IN INFORMAL CONVERSATIONS, FORDWOR URGED THE U.S. TO TAKE A LEADERSHIP ROLE IN ORDER TO GIVE THE REPLENISHMENT EXERCISE A MORE POSITIVE THRUST. FORDWOR HINTED THAT HE MIGHT BE INVITED TO LIBERIA BY PRESIDENT TOLBERT AT THE

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TIME OF PRESIDENT CARTER'S VISIT THERE, AND THAT TOLBERT MAY RAISE THE REPLENISHMENT ISSUE WITH PRESIDENT CARTER.

8. USDEL ALSO DISCUSSED HUMAN RIGHTS AND THE AFDF VOTING STRUCTURE WITH MANAGEMENT AND OTHER DONORS. MANAGEMENT AND OTHER DONORS APPEARED RESPONSIVE TO U.S. ENCOURAGEMENT TO CHANNEL IFI RESOURCES TO COUNTRIES WHICH RESPECT HUMAN RIGHTS AND TOWARD BASIC NEEDS. ON VOTING STRUCTURE, DONORS AND MANAGEMENT THOUGHT THIS ISSUE COULD BEST BE APPROACHED IN CONTEXT OF OPENING OF BANK. THIS QUESTION OF NON-REGIONAL MEMBERSHIP IS EXPECTED TO BE CONSIDERED BY BANK GOVERNORS IN LIBREVILLE AT ANNUAL MEETING IN MAY.

9. USDEL WAS APPROACHED SEVERAL TIMES ON THE U.S. POSITION ON THE GISCARD FUND. TONE OF OTHER DELEGATION'S REMARKS (GERMANY, CANADA) WERE DECIDEDLY NEGATIVE. DURING A LUNCHEON SPONSORED BY MANAGEMENT, GERMAN REPRESENTATIVE, IN OBVIOUS REFERENCE TO THE GISCARD FUND, EXPRESSED STRONG

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SUPPORT FOR THE AFRICAN DEVELOPMENT BANK AND FUND AND INDICATED THAT THERE WAS NO NEED TO CREATE A NEW MULTILATERAL INSTITUTION TO ASSIST AFRICA.
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10. DONORS AGREED THE NEXT MEETING ON THE REPLENISHMENT SHOULD BE HELD APRIL 30-MAY 1 IN LIBREVILLE, GABON, JUST PRIOR TO THE ANNUAL MEETING. DONORS ALSO BELIEVED INFORMAL CONSULTATIONS BEFORE THAT MEETING WOULD BE USEFUL ONCE THE U.S. IS PREPARED TO INDICATE THE PROBABLE LEVEL OF ITS PARTICIPATION. SORENSON

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Message Attributes

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Draft Date: 07 mar 1978
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Disposition Case Number: n/a
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